



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
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DATE: December 6, 2005

TO: Legislative Finance Committee

FROM: Taryn Purdy
Barbara Smith

RE: Appropriations Transfer Submitted by Governor

In accordance with 17-7-301, MCA, the Governor has submitted one potential transfer of appropriations (supplemental appropriations) from FY 2007 to FY 2006 to the Legislative Finance Committee (LFC) for comment and report. It is the obligation of the LFC to report to the Governor whether, in the committee's view, the request meets statutory criteria and to raise any necessary compliance issues. If the LFC does not provide a report, the Governor (or other approving authority) can authorize the transfer 90 days after the date the request was forwarded to the committee. The LFC does not approve or deny the request.

Statute requires two things before a request to move authority from the second year of the biennium to the first can be made:

- 1) Expenditures must be for an "unforeseen and unanticipated emergency" that causes the appropriation for the year to be insufficient for the operation and maintenance of the agency in that year; and
- 2) The requesting agency must present a plan for reducing expenditures in the second year of the biennium that "allows the agency to contain expenditures within appropriations." Several exceptions to this requirement exist, including an unforeseen and unanticipated emergency for fire suppression. Because the requested transfer is to address fire suppression expenditures, this requirement is waived.

PROPOSED TRANSFER

The Governor proposes to transfer \$2.6 million general fund authority in the Forestry Division of the Department of Natural Resources and Conservation from FY 2007 to FY 2006. This transfer is to allow the department to pay part of the fire suppression costs occurred during the 2005 fire season.

The department is anticipating \$5.0 million in total fire costs for the 2005 fire season. However, the department is anticipating delayed cost share billing from Federal Emergency Management Agency, if this occurs, no additional authority will be needed in FY 2006. If cost share bills do

arrive prior to the end of FY 2006, the Department will need to request additional supplemental authority to cover the cost share bills. This authority will come from other divisions within the department, as the Forestry Division does not have enough remaining authority in FY 2007 to transfer and be able to operate in FY 2007.

This supplemental appropriation occurs because fire suppression activities are not budgeted. As demonstrated with this transaction, the department utilizes their general fund authority in the Forestry Division to pay for suppression, then must request the authority be restored by transferring authority from the second year of the biennium. The authority in the second year of the biennium will be restored when the department receives a supplemental appropriation from the 2007 Legislature.

OPTIONS

The committee may take one of three actions:

- 1) Inform the Governor that the committee does not raise any issues of statutory compliance with the proposed transfer.
- 2) Inform the Governor of statutory compliance issues with the proposed transfer.
- 3) Take no action. The Governor cannot approve or deny the transfer for 90 days if the committee does not provide a formal report.

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